
Introduced by Senator Poochigian

February 18, 2005

An act to amend Section 11734 of the Insurance Code, relating to workers' compensation.

LEGISLATIVE COUNSEL'S DIGEST

SB 549, as introduced, Poochigian. Workers' compensation: experience rating.

Existing law requires every workers' compensation insurer to adhere to a uniform experience rating plan filed with the Insurance Commissioner by a rating organization designated by the commissioner and subject to his or her disapproval. Existing law allows an insurer to develop its own classification system upon which a rate may be made or adopt the classification system developed by a rating organization designated by the commissioner, provided that any classification system developed by an insurer must be filed with the commissioner 30 days prior to its use.

This bill would require a classification system developed by an insurer to be filed with the commissioner 45 days prior to its use.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 11734 of the Insurance Code is
- 2 amended to read:
- 3 11734. (a) Every workers' compensation insurer shall adhere
- 4 to a uniform experience rating plan filed with the commissioner
- 5 by a rating organization designated by the commissioner and
- 6 subject to his or her disapproval.

1 (b) The commissioner shall designate a rating organization to
2 assist him or her in gathering, compiling, and reporting relevant
3 statistical information, and to develop a classification system. An
4 insurer may develop its own classification system upon which a
5 rate may be made or adopt the classification system developed by
6 the designated rating organization; provided, however, that any
7 classification system developed by an insurer must be filed with
8 the commissioner ~~30~~ 45 days prior to its use. The commissioner
9 shall disapprove a classification system filed by an insurer
10 pursuant to this section if the insurer fails to demonstrate that the
11 data thereby produced can be reported consistent with the
12 uniform statistical plan or the classification system developed by
13 the rating organization. Every workers' compensation insurer
14 shall record and report its workers' compensation experience to
15 the designated rating organization as set forth in the uniform
16 statistical plan approved by the commissioner.

17 (c) The designated rating organization shall develop and file
18 manual rules, subject to the approval of the commissioner,
19 reasonably related to the recording and reporting of data pursuant
20 to the uniform statistical plan, uniform experience rating plan,
21 and any classification systems that may be in effect. Every
22 workers' compensation insurer shall adhere to the approved
23 manual rules and experience rating plan in writing and reporting
24 its business. No insurer shall agree with any other insurer or with
25 a rating organization to adhere to manual rules that are not
26 reasonably related to the recording and reporting of data pursuant
27 to the uniform statistical plan or classification system developed
28 by the rating organization.

29 (d) The designated rating organization shall also develop and
30 file with the commissioner a weekly premium per employee for
31 each classification used or proposed for use by that organization.
32 The weekly premium shall be developed by applying the
33 proposed rate for each classification to the state average weekly
34 wage. For the purpose of this section, "state average weekly
35 wage" means the average weekly wage paid by employers to
36 employees covered by unemployment insurance as reported by
37 the United States Department of Labor for California for the 12
38 months ending March 31 of the calendar year preceding the year
39 in which the injury occurred.

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